



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 5/21/2004

GAIN Report Number: CA4039

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 16 2004

Approved by:

Gary C. Groves
U.S. Embassy

Prepared by:

George Myles

Report Highlights:

* Anti-Dumping Duty Imposed on U.S. Frozen Pizza * Live Hog Exports on Record Pace *
Chicken Agency Announces Strategy to Offset British Columbia's Market Shortfall * Strike
Averted at Major Ontario Hog Plant * Export Market Development Funding Down Sharply *
New Ontario Apple Board to be Created *

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA IMPOSES ANTI-DUMPING DUTY ON U.S. FROZEN PIZZA: The Canada Border Services Agency (CBSA) imposed a provisional anti-dumping duty on imports of frozen self-rising pizza (also known as rising crust pizza) imported from the United States. According to the CBSA, imports from the United States during the investigative period were dumped by an average 39.4%, expressed as a percentage of the export price (i.e., price at factory door). The CBSA has assigned "normal values" to U.S. pizza manufacturers' shipments to Canada and informed those manufacturers that they or the importer must pay (or post bond) for an anti-dumping duty equal to the difference between the normal value and the export price. The Statement of Reasons to be issued within 15 days will detail the methodology for calculating the normal values. The CBSA will continue its investigation regarding dumping and will issue a final decision by August 16, 2004. The anti-dumping action affects the self-rising pizza exports of two U.S. food companies, Kraft Foods Inc., Chicago and Palermo Villa Inc., Milwaukee. The complaint was filed in late 2003 by McCain Foods Ltd. of Florenceville, N.B., one of the world's largest processors of frozen foods and the largest Canadian manufacturer of frozen self-rising pizza. In July 2003, the company announced a C\$29-million expansion of its Grand Falls, N.B. pizza plant, scheduled for completion in May 2004. On the injury question, the Canadian International Trade Tribunal which made a preliminary affirmative ruling in March will hold a public hearing in Ottawa on August 16 and is expected to issue a final (injury) ruling by Sept. 14.

LIVE HOG EXPORTS TO THE U.S. ON A RECORD PACE: Official data for the January-March period of 2004 show that Canadian live hog exports to the United States are on a record pace. In the first three months of 2004, combined exports of Canadian slaughter and feeder hogs to the U.S. reached 2.2 million head, 47% ahead of last year's level for the same period. At the current pace, total live hog exports to the United States would surpass 8.5 million head during 2004, a level representing almost one pig in every four born in Canada. Manitoba and Ontario account for more than 90% of total Canadian live hog exports to the United States. The U.S. Department of Commerce recently initiated two separate investigations against live swine from Canada based on a petition submitted by the National Pork Producers Council. One is an investigation into whether Canadian live swine are receiving subsidies (the countervailing duty case) and the second is in response to allegations that live swine from Canada are sold at below fair value (the anti-dumping case).

STRIKE AVERTED AT MAPLE LEAF FOODS HOG PLANT: Late breaking news indicates that a strike has been averted at the Maple Leaf Foods hog plant in Burlington, Ontario. According to reports, 1,100 members of the United Food and Commercial Workers Union ratified a new three-year agreement. The plant workers had been without a contract since March. Ontario Pork, the provincial producer organization, had contingency plans in the event of a strike to export about 30 percent of the Maple Leaf destined hogs to U.S. plants, with the rest going to alternate Canadian packers in Ontario and Quebec. The plant, which has a weekly slaughter capacity of 45,000 head has been processing about 36,000 hogs in recent weeks.

CHICKEN AGENCY ANNOUNCES PRODUCTION STRATEGY TO OFFSET B.C. MARKET'S AVIAN INFLUENZA SHORTFALL: In wake of the avian influenza depopulation program in British Columbia, the Chicken Farmers of Canada (CFC), the national organization for the supply managed chicken industry, announced that producers in other provinces will increase production temporarily to produce up to 20,000 metric tons of chicken to be delivered to B.C. primary processors. Under the plan, B.C. producers will lease production allocation to producers throughout the rest of Canada at C\$0.15 per kg to help avoid supply shortages in B.C. The fee (about C\$3 mil.) will be distributed to the B.C. Chicken Marketing Board, for distribution to affected farmers. Between June and mid-September, CFC expects farmers in other provinces to market up to 20,000 metric tons of additional production for B.C. Once processed in the "home" province, the whole birds will be delivered to designated B.C. plants, where

processors will customize the chicken to meet their client's needs (i.e. boneless, skinless breast meat, thighs, marinated product, etc.). There will also be increased production from farms on Vancouver Island and in the interior region of B.C. not affected by avian influenza. As highlighted in issue #14 (CA4030), B.C. processors will be given access to a special, fast-track supplementary import program. Imports will come chiefly from the United States.

FEED MILL FALLS VICTIM TO B.C. AVIAN INFLUENZA OUTBREAK: Landmark Feeds, an independent operating company of Maple Leaf Foods Inc., announced the sale of its mill operations in Abbotsford to Ritchie-Smith Feeds. As a result, the company will be closing its Abbotsford mill effective May 31, 2004. A Landmark spokesman said that the decision to divest interests in the Abbotsford mill operation was based on the current over-capacity of feed manufacturing in the Fraser Valley resulting from the recent outbreak of avian influenza, which has significantly reduced feed demand in the region.

EXPORT MARKET DEVELOPMENT FUNDING DOWN ALMOST 25% IN 2004: Agriculture and Agri-Food Canada announced that it will provide C\$19.6 million under the Canadian Agriculture and Food International (CAFI) Program during 2004 to Canadian food and agriculture exporters to assist them in their international trade promotion activities. The announcement failed to point out that federal funding was well below the C\$26 million allocated for the 2003 program. Within the Agricultural Policy Framework (APF) announced in 2001, the CAFI Program is a key element of Canada's international strategy. The CAFI is designed to support Canada's agriculture and food industry by helping to build successful strategies in key international markets. In the market promotion area, the CAFI Program matches industry funds dollar for dollar to support promotional activities. The program is part of the C\$175 million in federal funding over six years announced in June 2002 to support market development for the Canadian agri-food industry and to cover the cost of GOC efforts to liberalize agricultural trade.

NEW ONTARIO APPLE BOARD: The province of Ontario will create a new provincial apple marketing board entitled The Ontario Apple Growers under its Farm Products Marketing Act regulations. The former Ontario Apple Marketing Commission was dissolved in 2001 after almost 60% of growers voted to terminate it. Since that time, the industry has been developing a new strategy. While the new board's main authority is to negotiate the price of apples for juice with processors, it will also have authority over all producers who own or rent 10 or more acres of apple trees and to collect an annual license fee of C\$20 per acre. Fresh apple marketers and processors will not be regulated under the marketing regulation, but will be required to co-operate with the new board by providing information on the industry and, if necessary, deduct outstanding acreage fees for the board. The Ontario Apple Growers will have an annual budget of approximately C\$320,000.

Find FAS on the World Wide Web: Visit our headquarters' home page at <http://www.fas.usda.gov> for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

| Report Number | Title of Report | Date |
|---------------|--|-----------|
| CA4038 | Provisional Anti-Dumping Duties on U.S. Frozen Pizza | 5/18/2004 |
| CA4037 | This Week in Canadian Agriculture, Issue 15 | 5/14/2004 |
| CA4031 | Oilseeds Annual Report | 5/14/2004 |

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto <http://www.usembassycanada.gov>; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov